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Austin, TX 78731-4280
Phone: 512.343.2544
Fax: 512.343.0119

REDACTED – FOR PUBLIC INSPECTION

VIA ECFS

October 14, 2013

Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 12th Street, S.W.
Washington, D.C. 20554

RE: Annual Report for Lipan Telephone Company Pursuant to 47 C.F.R. §54.313 and 54.422,
WC Docket Nos. 10-90 and 11-42

Dear Ms. Dortch:

In accordance with the annual reporting requirements of 47 C.F.R. §§ 54.313 and 54.422 Lipan Telephone Company (the Company), Study Area Code 442105 is submitting a completed FCC Form 481 to the Commission via its Electronic Comment Filing System (ECFS). Section 3005 of the Form 481 requires a privately-held rate of return carrier receiving high cost support to attach financial information pursuant to 47 C.F.R. § 54.313(f)(2). The Company maintains that the financial information is confidential and is submitting through ECFS a redacted document as an attachment for section 3005 of the FCC Form 481 in WC Docket Nos. 10-90 and 11-42.

Lipan Telephone Company, by its authorized representative, hereby submits confidential information pursuant to 47 C.F.R. § 54.313(f)(2), under seal, subject to the Protective Order adopted November 16, 2012 in the above-named dockets.¹ The Company is providing to the Office of the Secretary the original and one copy of the cover letter and confidential information for WC Docket No. 10-90. The confidential information relates only to WC Docket No. 10-90. There is no claim of confidentiality for any information related to WC Docket No. 11-42.

Two copies of this cover letter and confidential information are also being delivered to Mr. Charles Tyler, Telecommunications Access Policy Division, Wireline Competition Bureau, in accordance with the Protective Order.

¹ FCC Record DA 12-1857

Marlene H. Dortch
October 14, 2013
Page 2 of 2

The confidential information has also been submitted to the Universal Service Administrative Company through its E-File system as an attachment to the FCC Form 481.

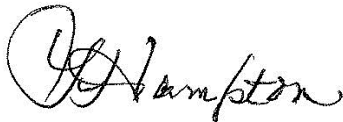
Each page of the confidential submission bears the legend, "CONFIDENTIAL FINANCIAL INFORMATION SUBJECT TO PROTECTIVE ORDER IN WC DOCKET NOS. 10-90, 07-135, 05-337, 03-109, CC DOCKET NOS. 01-92, 96-45, GN DOCKET NO. 09-51, WT DOCKET NO. 10-208, BEFORE THE FEDERAL COMMUNICATIONS COMMISSION."

An original and three copies of the redacted confidential information and cover letter are also being filed simultaneously with the non-redacted confidential information, in accordance with the August 6, 2013 Public Notice (DA 13-1707). The original and one copy are provided for WC Docket No. 10-90 and two additional copies are provided for WC Docket No. 11-42. The redacted version of the cover letter for this filing and each page of the filing is marked "REDACTED - FOR PUBLIC INSPECTION."

This cover letter includes no confidential information and the text is the same in both the non-redacted and redacted versions except for the confidentiality markings.

Please contact me if you have any questions.

Sincerely,



Lynette Hampton
Authorized Representative for
Lipan Telephone Company

Enclosures

cc: Mr. Charles Tyler, Telecommunications Access Policy Division, Wireline Competition Bureau,
Federal Communications Commission (2 hardcopies of non-redacted submission)

Mr. John Howard, Lipan Telephone Company

**FCC Form 481 - Carrier Annual Reporting
Data Collection Form**

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010> Study Area Code	442105
<015> Study Area Name	LIPAN TEL CO
<020> Program Year	2014
<030> Contact Name: Person USAC should contact with questions about this data	Deana Williams
<035> Contact Telephone Number: Number of the person identified in data line <030>	254-646-2211
<039> Contact Email Address: Email of the person identified in data line <030>	deanaw@lipan.net

ANNUAL REPORTING FOR ALL CARRIERS			54.313 Completion Required	54.422 Completion Required
(check box when complete)				
<100> Service Quality Improvement Reporting	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
<200> Outage Reporting (voice)	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
<210> <input checked="" type="checkbox"/> <-- check box if no outages to report				
<300> Unfulfilled Service Requests (voice)	<input type="text" value="0"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
<310> Detail on Attempts (voice)	(attach descriptive document)	<input type="checkbox"/>	<input type="checkbox"/>	
<320> Unfulfilled Service Requests (broadband)		<input type="checkbox"/>	<input type="checkbox"/>	
<330> Detail on Attempts (broadband)	(attach descriptive document)	<input type="checkbox"/>	<input type="checkbox"/>	
<400> Number of Complaints per 1,000 customers (voice)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
<410> Fixed	<input type="text" value="0.06"/>			
<420> Mobile				
<430> Number of Complaints per 1,000 customers (broadband)		<input type="checkbox"/>	<input type="checkbox"/>	
<440> Fixed				
<450> Mobile				
<500> Service Quality Standards & Consumer Protection Rules Compliance	(check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
<510> <input type="text" value="442105tx510"/>	(attached descriptive document)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
<600> Functionality in Emergency Situations	(check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
<610> <input type="text" value="442105tx610"/>	(attached descriptive document)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
<700> Company Price Offerings (voice)	(complete attached worksheet)	<input type="checkbox"/>	<input type="checkbox"/>	
<710> Company Price Offerings (broadband)	(complete attached worksheet)	<input type="checkbox"/>	<input type="checkbox"/>	
<800> Operating Companies and Affiliates	(complete attached worksheet)	<input type="checkbox"/>	<input type="checkbox"/>	
<900> Tribal Land Offerings (Y/N)? <input type="radio"/> <input checked="" type="radio"/>	(if yes, complete attached worksheet)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
<1000> Voice Services Rate Comparability	(check to indicate certification)	<input type="checkbox"/>	<input type="checkbox"/>	
<1010> <input type="text"/>	(attach descriptive document)	<input type="checkbox"/>	<input type="checkbox"/>	
<1100> Terrestrial Backhaul (Y/N)? <input checked="" type="radio"/> <input type="radio"/>	(if not, check to indicate certification)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
<1110>	(complete attached worksheet)	<input type="checkbox"/>	<input type="checkbox"/>	
<1200> Terms and Condition for Lifeline Customers	(complete attached worksheet)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

Price Cap Carriers, Proceed to Price Cap Additional Documentation Worksheet

Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

<2000>	(check to indicate certification)	<input type="checkbox"/>	<input type="checkbox"/>
<2005>	(complete attached worksheet)	<input type="checkbox"/>	<input type="checkbox"/>

Rate of Return Carriers, Proceed to ROR Additional Documentation Worksheet

<3000>	(check to indicate certification)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<3005>	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input type="checkbox"/>

**(100) Service Quality Improvement Reporting
Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010>	Study Area Code	442105
<015>	Study Area Name	LIPAN TEL CO
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Deana Williams
<035>	Contact Telephone Number - Number of person identified in data line <030>	254-646-2211
<039>	Contact Email Address - Email Address of person identified in data line <030>	deanaw@lipan.net
<110>	Has your company received its ETC certification from the FCC?	(yes / no) <input type="radio"/> <input checked="" type="radio"/>
	If your answer to Line <110> is yes, do you have an existing §54.202(a) "5	
<111>	year plan" filed with the FCC?	(yes / no) <input type="radio"/> <input type="radio"/>

If your answer to Line <111> is yes, then you are required to file a progress report, on line <112> delineating the status of your company's existing § 54.202(a) "5 year plan" on file with the FCC, as it relates to your provision of voice telephony service.

<112> Attach Five-Year Service Quality Improvement Plan or, in subsequent years, your annual progress report filed pursuant to 47 C.F.R. § 54.313(a)(1). If your company is a CETC which only receives frozen support, your progress report is only required to address voice telephony service.

Name of Attached Document (.pdf)

Please check these boxes below to confirm that the attached PDF, on line 112, contains a progress report on its five-year service quality improvement plan pursuant to § 54.202(a). The information shall be submitted at the wire center level or census block as appropriate.

<113> Maps detailing progress towards meeting plan targets
 <114> Report how much universal service (USF) support was received
 <115> How (USF) was used to improve service quality
 <116> How (USF) was used to improve service coverage
 <117> How (USF) was used to improve service capacity
 <118> Provide an explanation of network improvement targets not met in the prior calendar year.

<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	442105
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[illegible]

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<701>	Residential Local Service Charge Effective Date	1/1/2013
<702>	Single State-wide Residential Local Service Charge	

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July 2013

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July 2013

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

[illegible]

(900) Tribal Lands Reporting Data Collection Form		FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010>	Study Area Code	442105
<015>	Study Area Name	LIPAN TEL CO
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Deana Williams
<035>	Contact Telephone Number - Number of person identified in data line <030>	254-646-2211
<039>	Contact Email Address - Email Address of person identified in data line <030>	deanaw@lipan.net

<910> Tribal Land(s) on which ETC Serves

<920> Tribal Government Engagement Obligation

Name of Attached Document (.pdf)

If your company serves Tribal lands, please select (Yes,No, NA) for each these boxes to confirm the status described on the attached PDF, on line 920, demonstrates coordination with the Tribal government pursuant to § 54.313(a)(9) includes:

- <921> Needs assessment and deployment planning with a focus on Tribal community anchor institutions;
- <922> Feasibility and sustainability planning;
- <923> Marketing services in a culturally sensitive manner;
- <924> Compliance with Rights of way processes
- <925> Compliance with Land Use permitting requirements
- <926> Compliance with Facilities Siting rules
- <927> Compliance with Environmental Review processes
- <928> Compliance with Cultural Preservation review processes
- <929> Compliance with Tribal Business and Licensing requirements.

Select (Yes,No, NA)

(1100) No Terrestrial Backhaul Reporting Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010> Study Area Code	442105
<015> Study Area Name	LIPAN TEL CO
<020> Program Year	2014
<030> Contact Name - Person USAC should contact regarding this data	Deana Williams
<035> Contact Telephone Number - Number of person identified in data line <030>	254-646-2211
<039> Contact Email Address - Email Address of person identified in data line <030>	deanaw@lipan.net

<1120> Please check this box to confirm no terrestrial backhaul options exist within the supported area pursuant to § 54.313(G)
 ☐

<1130> Please check this box to confirm the reporting carrier offers broadband service of at least 1 Mbps downstream and 256 kbps upstream within the supported area pursuant to § 54.313(G)
 ☐

(1200) Terms and Condition for Lifeline Customers Lifeline Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010>	Study Area Code	442105
<015>	Study Area Name	LIPAN TEL CO
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Deana Williams
<035>	Contact Telephone Number - Number of person identified in data line <030>	254-646-2211
<039>	Contact Email Address - Email Address of person identified in data line <030>	deanaw@lipan.net

<1210> Terms & Conditions of Voice Telephony Lifeline Plans	<div style="text-align: right; margin-bottom: 5px;">442105tx1210</div> <hr/> Name of attached document (.pdf)
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<1220> Link to Public Website	HTTP <hr/>
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“Please check these boxes below to confirm that the attached PDF, on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report:

<1221> Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers,	<div style="text-align: right;"> <input checked="" type="checkbox"/> </div>
<1222> Details on the number of minutes provided as part of the plan,	<div style="text-align: right;"> <input checked="" type="checkbox"/> </div>
<1223> Additional charges for toll calls, and rates for each such plan.	<div style="text-align: right;"> <input checked="" type="checkbox"/> </div>

(2000) Price Cap Carrier Additional Documentation

Data Collection Form

Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010>	Study Area Code	442105
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<039>	Contact Email Address - Email Address of person identified in data line <030>	deanaw@lipan.net

CHECK the boxes below to note compliance as a recipient of Incremental Connect America Phase I support, frozen High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e) the information reported on this form and in the documents attached below is accurate.

Incremental Connect America Phase I reporting

- <2010> 2nd Year Certification {47 CFR § 54.313(b)(1)}
- <2011> 3rd Year Certification {47 CFR § 54.313(b)(2)}

Price Cap Carrier Receiving Frozen Support Certification {47 CFR § 54.312(a)}

- <2012> 2013 Frozen Support Certification
- <2013> 2014 Frozen Support Certification
- <2014> 2015 Frozen Support Certification
- <2015> 2016 and future Frozen Support Certification

Price Cap Carrier Connect America ICC Support {47 CFR § 54.313(d)}

- <2016> Certification Support Used to Build Broadband

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Connect America Phase II Reporting {47 CFR § 54.313(e)}

- <2017> 3rd year Broadband Service Certification
- <2018> 5th year Broadband Service Certification
- <2019> Interim Progress Certification
- <2020> Please check the box to confirm that the attached PDF , on line 2021, contains the required information pursuant to § 54.313 (e)(3)(ii), as a recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.
- <2021> Interim Progress Community Anchor Institutions

Name of Attached Document Listing Required Information

(3000) Rate Of Return Carrier Additional Documentation

FCC Form 481

Data Collection Form

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010>	Study Area Code	442105
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<020>	Program Year	2014
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<039>	Contact Email Address - Email Address of person identified in data line <030>	deanaw@lipan.net

CHECK the boxes below to note compliance on its five year service quality plan (pursuant to 47 CFR § 54.202(a)) and, for privately held carriers, ensuring compliance with the financial reporting requirements set forth in 47 CFR § 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

Progress Report on 5 Year Plan

<p>(3010) Milestone Certification {47 CFR § 54.313(f)(1)(i)} Please check this box to confirm that the attached PDF, on line 3012, contains the required information pursuant to § 54.313 (f)(1)(ii), as a recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.</p>	<p>Name of Attached Document Listing Required Information</p>	<input type="checkbox"/>
<p>(3012) Community Anchor Institutions {47 CFR § 54.313(f)(1)(ii)} (3013) Is your company a Privately Held ROR Carrier {47 CFR § 54.313(f)(2)} (3014) If yes, does your company file the RUS annual report Please check these boxes to confirm that the attached PDF, on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires:</p>	<p>Name of Attached Document Listing Required Information</p>	<input checked="" type="checkbox"/> (Yes/No) <input checked="" type="checkbox"/> (Yes/No)
<p>(3015) Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers)</p>		<input checked="" type="checkbox"/>
<p>(3016) PDF of Balance Sheet, Income Statement and Statement of Cash Flows</p>		<input checked="" type="checkbox"/>
<p>(3017) If the response is yes on line 3014, attach your company's RUS annual report and all required documentation</p>	<p>Name of Attached Document Listing Required Information</p>	<p>442105tx3017</p>
<p>(3018) If the response is no on line 3014, Is your company audited? If the response is yes on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains:</p>		<input type="checkbox"/> (Yes/No)
<p>(3019) Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications</p>		<input type="checkbox"/>
<p>(3020) PDF of Balance Sheet, Income Statement and Statement of Cash Flows</p>		<input type="checkbox"/>
<p>(3021) Management letter issued by the independent certified public accountant that performed the company's financial audit. If the response is no on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains: Copy of their financial statement which has been subject to review by an independent certified public accountant; or 2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers,</p>		<input type="checkbox"/>
<p>(3022) Underlying information subjected to a review by an independent certified public accountant</p>		<input type="checkbox"/>
<p>(3023) Underlying information subjected to an officer certification.</p>		<input type="checkbox"/>
<p>(3024) PDF of Balance Sheet, Income Statement and Statement of Cash Flows</p>		<input type="checkbox"/>
<p>(3025) Attach the worksheet listing required information</p>	<p>Name of Attached Document Listing Required Information</p>	

Certification - Reporting Carrier Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010>	Study Area Code	442105
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<039>	Contact Email Address - Email Address of person identified in data line <030>	deanaw@lipan.net

TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:

Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients	
I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	
Name of Reporting Carrier:	
Signature of Authorized Officer:	Date
Printed name of Authorized Officer:	
Title or position of Authorized Officer:	
Telephone number of Authorized Officer:	
Study Area Code of Reporting Carrier:	Filing Due Date for this form:
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

Certification - Agent / Carrier Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010>	Study Area Code	442105
<015>	Study Area Name	LIPAN TEL CO
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<030>	Contact Name - Person USAC should contact regarding this data	Deana Williams
<035>	Contact Telephone Number - Number of person identified in data line <030>	254-646-2211
<039>	Contact Email Address - Email Address of person identified in data line <030>	deanaw@lipan.net

TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:

Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I certify that (Name of Agent) <u>Lynette Hampton</u> is authorized to submit the information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate.	
Name of Authorized Agent:	Lynette Hampton
Name of Reporting Carrier:	LIPAN TEL CO
Signature of Authorized Officer:	CERTIFIED ONLINE Date: 10/09/2013
Printed name of Authorized Officer:	Aleta Howard
Title or position of Authorized Officer:	Secretary
Telephone number of Authorized Officer:	254-646-2211
Study Area Code of Reporting Carrier:	442105 Filing Due Date for this form: 10/15/2013
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

TO BE COMPLETED BY THE AUTHORIZED AGENT:

Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate.	
Name of Reporting Carrier:	LIPAN TEL CO
Name of Authorized Agent or Employee of Agent:	Lynette Hampton
Signature of Authorized Agent or Employee of Agent:	CERTIFIED ONLINE Date: 10/09/2013
Printed name of Authorized Agent or Employee of Agent:	Lynette Hampton
Title or position of Authorized Agent or Employee of Agent:	Authorized Representative
Telephone number of Authorized Agent or Employee of Agent:	512-343-2544
Study Area Code of Reporting Carrier:	442105 Filing Due Date for this form: 10/15/2013
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

Attachments

LINE 510 - SERVICE QUALITY STANDARDS AND CONSUMER PROTECTION RULES COMPLIANCE

Lipan Telephone Company, Inc. complies with applicable service quality standards and consumer protection rules as required by the state regulatory commission and the Federal Communications Commission.

The rates, terms, and conditions under which the Company operates are outlined in its Local Exchange Tariff, which is approved by the state commission. The Company's tariff contains provisions regarding its customer service and protection practices, including resolving disputes with the Company, applying for service, the classification of business and residential rates, deposits, billing and payment for service, refusal, disconnection and cancellation of service. The tariff is available for customer review in the Business Office, as requested. Rates and terms of service are disclosed to customers upon application for service both verbally and in writing as part of a packet of information for new customers. Rates, applications and certain terms of service are also available on the Company's website.

Service quality standards are established by the state commission and the Company consistently meets or exceeds the standards and provides reports to the state commission, in accordance with the state commission's rules.

The protection of customers' privacy and information is of utmost importance and the Company has a policy and established operating procedures that comply with the FCC's Customer Proprietary Network Information (CPNI) rules (47 C.F.R. §§64.2001-64.2011). Certification of the Company's compliance with CPNI rules and a description of the Company's operating procedures that ensure compliance are filed at the FCC annually.

LINE 610 - ABILITY TO FUNCTION IN EMERGENCY SITUATIONS

Lipan Telephone Company, Inc. is able to function in emergency situations. The Company has a reasonable amount of back-up power to ensure functionality without an external power source. Standby power generators are supplied at the central office, remote switch sites, and repeater sites to ensure functionality without an external power source until power is restored. The network is capable of managing traffic spikes resulting from emergency situations.

The Company is able to reroute traffic around damaged facilities. Although the Company's ability to reroute traffic around damaged facilities is not absolute and may be limited in certain circumstances, there is a restoration plan in place for expeditious recovery of service, including splicing of damaged facilities when warranted.

LINE 1210 – TERMS & CONDITIONS OF VOICE TELEPHONY LIFELINE PLANS

Lipan Telephone Company (the Company) offers Lifeline subscribers federal and state Lifeline discounts to a stand-alone residential local exchange access line rate. The local exchange access line rate includes an unlimited number of local calling minutes. Additional charges for toll calls associated with the residential local exchange service are billed at the rates of the long distance carrier chosen by the subscriber. Lifeline customers may subscribe to other packages and custom calling features at the standard rates offered to all customers. The Lifeline discounts will apply to the portion of the package that is a stand-alone basic local exchange access service rate. The attached pages from the Company's Local Exchange Tariff include the terms and conditions for Lifeline and the rates for local exchange service.

LIPAN TELEPHONE COMPANY
Local Exchange Tariff

SECTION 1
5th Revised Sheet 16
Replacing 4th Revised Sheet 16

LOCAL EXCHANGE SERVICE

VII. LIFELINE PROGRAM

The Lifeline Program is a retail local service offering designed to make telephone service available at reduced rates to qualifying low-income customers.

A. General

1. A qualifying low-income customer subscribing to the Lifeline Program shall receive federal and state reductions to their monthly tariffed residential local exchange access line rate. When a Lifeline customer subscribes to a package of services, those same reductions will apply to that portion of the package rate that is for basic network service. In a two-line package, only one line will receive the Lifeline reductions.
2. Nothing in this section shall prohibit a customer who is otherwise eligible for the Lifeline Program from obtaining and using telecommunications equipment and services designed to aid such customer in utilizing qualifying telecommunications services.
3. Lifeline Program reductions do not apply to surcharges, taxes, long distance service, 976 and other information related telecommunications services, and optional services such as custom calling features. Customers may obtain these services, where available, at their discretion.
4. The Lifeline Program rate reductions do not apply to service connection charges.

D
D

By: John Howard
Title: Manager

Effective: April 2, 2012

LIPAN TELEPHONE COMPANY

Local Exchange Tariff

SECTION 1

5th Revised Sheet 17

Replacing 4th Revised Sheet 17

LOCAL EXCHANGE SERVICE

VII. LIFELINE PROGRAM (Continued)

A. General (Continued)

5. The Company may not disconnect the service of a Lifeline Program customer for the non-payment of toll charges. However, the Company reserves the right to implement toll blocking, at no charge, if the customer incurs a significant balance of unpaid toll bills. The Company will inform the customer, by direct mail, of this change to their service due to the customer's non-payment of toll charges. Upon the customer's payment of all outstanding toll charges, the Company shall remove mandatory toll blocking at no charge. T
6. Upon subscribing to the Lifeline Program, a customer will be offered a subscription, at no charge, to toll blocking service (in exchanges where technically available) which denies the customer access to the long distance telecommunications network; however, the customer is under no obligation to accept the subscription to toll blocking upon initial subscription to the Lifeline Program. T
7. The Lifeline Program rate reductions will not be available on a retroactive basis unless approved by the Public Utility Commission of Texas or the Low-Income Discount Administrator (LIDA). T

B. Designated Lifeline Program Services

The Company shall offer voice telephony services that provide the following functionalities as designated Lifeline Program services: T

1. Voice grade access to the public switched network or its functional equivalent
2. Minutes of use for local service provided at no additional charge to the customer
3. Access to emergency services
4. Toll blocking service T

By: John Howard
Title: Manager

Effective: April 2, 2012

LIPAN TELEPHONE COMPANY
Local Exchange Tariff

SECTION 1
4th Revised Sheet 18
Replacing 3rd Revised Sheet 18

LOCAL EXCHANGE SERVICE

VII. LIFELINE PROGRAM (Continued)

C. Eligibility Requirement

1. Qualifying Low-income (Eligible) Customer Criteria

An eligible customer shall be defined as an individual whose annual household income is at or below 150% of the federal poverty guidelines or in whose household resides a person who receives or has a child who receives benefits from at least one of the following programs:

- | | | |
|----|---|---|
| a. | Medicaid | |
| b. | Food Stamps (Supplemental Nutrition Assistance Program) | T |
| c. | Supplemental Security Income (SSI) | |
| d. | Federal Public Housing Assistance (FPHA) | |
| e. | Low-Income Heat and Energy Assistance Program (LIHEAP) | |
| f. | Health benefits coverage under the state Children's Health Insurance Program (CHIP) | |
| g. | National School Lunch Program's Free Lunch Program | N |
| h. | Temporary Assistance for Needy Families | N |

The Lifeline Program rate reductions will be provided per eligible customer. The Low-Income Discount Administrator (LIDA) will provide a list of eligible customers to the Company each month.

2. Obligations of the Customer

- a. Customers whose annual household income is at or below 150% of the federal poverty guidelines or who participate in FPHA or LIHEAP programs may self-enroll for Lifeline Program benefits by completing an application form and returning it to LIDA. LIDA will send a blank application upon customer request. LIDA can be reached at 1-866-4LITEUP. Current customers receiving benefits under Medicaid, Food Stamps, SSI or CHIP will be subject to the Lifeline Program automatic enrollment procedures as provided by the LIDA unless they provide a written request to the LIDA to be excluded from the Lifeline Program.
- b. A customer who is eligible for the Lifeline Program, but does not have telephone service at the time the LIDA provides its eligibility list to the company, shall be responsible for initiating a request for the Lifeline Program from the Company.

By: John Howard
Title: Manager

Effective: June 1, 2012

LIPAN TELEPHONE COMPANY
Local Exchange Tariff

SECTION 1
4th Revised Sheet 19
Replacing 3rd Revised Sheet 19

LOCAL EXCHANGE SERVICE

VII. LIFELINE PROGRAM (Continued)

C. Eligibility Requirement (Continued)

3. Obligations of the Company

- a. LIDA will provide a list of eligible customers to the Company on a monthly basis. Upon receipt of the list, the Company shall begin reduced billing for those customers within 30 days.

T

4. Discontinuance of Service

- a. Discontinuance of Lifeline Discounts for customers automatically enrolled: The eligibility period for automatically enrolled customers is the length of their enrollment in Texas Health and Human Services Commission (THHSC) benefits plus a period of 60 days for renewal. Automatically enrolled customers will have an opportunity to renew their THHSC benefits or self-enrollment with LIDA upon the expiration of their automatic enrollment.
- b. Discontinuance of Lifeline Discounts for customers who have self-enrolled: Individuals not receiving benefits through THHSC programs, but who have met Lifeline income qualifications, are eligible to receive the Lifeline Discount for seven months, which includes a period of 60 days during which the customer may renew their eligibility with LIDA for an additional seven months.

PUBLIC UTILITY COMMISSION OF TEXAS
APPROVED

NOV - 2 '07 DOCKET 34846

CONTROL # _____

By: John Howard
Title: Manager

LIPAN TELEPHONE COMPANY
Local Exchange Tariff

SECTION 1
3rd Revised Sheet 20
Replacing 2nd Revised Sheet 20

LOCAL EXCHANGE SERVICE

VII. LIFELINE PROGRAM (Continued)

D. Deposit and Credit Requirements

1. The Company shall be prohibited from charging a service deposit in order to initiate the Lifeline Program if the eligible customer voluntarily elects to receive toll blocking.
2. The Company may charge a service deposit if the eligible customer denies subscription to toll blocking upon subscribing to the Lifeline Program.
3. In instances where the Company may require a service deposit, the same credit verification procedures and deposit regulations used for all applicants who apply for service with the Company are also applicable to eligible customers for the Lifeline Program.

E. Service Connection Charges

1. Service connection charges do not apply to eligible customers with existing qualifying service converting to the Lifeline Program.
2. Service connection charges do apply when:
 - a. Existing eligible customers request additional non-qualifying services at the time Lifeline Program reduced billing is initiated.
 - b. New customers (those without existing local exchange access service) eligible for the Lifeline Program establish service.
 - c. Customers make subsequent moves or changes after initial connection to the Lifeline Program.

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By: John Howard
Title: Manager

Effective: April 2, 2012

LOCAL EXCHANGE SERVICE

VII. LIFELINE PROGRAM (Continued)

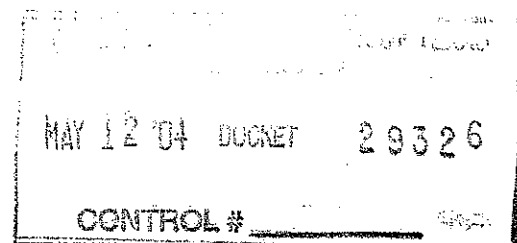
F. Lifeline Program Rate Reduction

1. Implementation

The Company shall provide reduced billing for all Lifeline Program eligible customers within its service area in accordance with the Commission's Substantive Rules.

In instances where a customer inquires about participation in the Lifeline Program, the Company shall provide contact information for LIDA

By: John Howard
Title: Manager



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LIPAN TELEPHONE COMPANY
Local Exchange Tariff

SECTION 1
4th Revised Sheet 22
Replacing 3rd Revised Sheet 22

LOCAL EXCHANGE SERVICE

VII. LIFELINE PROGRAM (Continued)

F. Lifeline Program Rate Reduction (Continued)

2. Amounts

The Company shall apply Lifeline Program rate reductions, per eligible customer, as described below.

		<u>Monthly Rate Reduction</u>
a.	Federal Reduction applied to Federal Subscriber Line Charge and Residential Local Exchange Access Line Charge	47.C.F.R Section 54.403
b.	Maximum State Reduction to Residential Local Exchange Access Line Rate	\$3.50

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By: John Howard
Title: Manager

Effective: April 2, 2012

LIPAN TELEPHONE COMPANY
Local Exchange Tariff

SECTION 1
5th Revised Sheet 4
Replacing 4th Revised Sheet 4

LOCAL EXCHANGE SERVICE

III. PACKAGES FOR LIPAN AND BLUFF DALE EXCHANGES

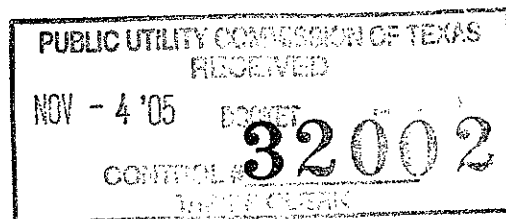
The Company offers certain services together in a package, providing discounts over the cost of purchasing the services individually. Available packages and rates are specified below. Packages may not be available in certain areas due to technical constraints.

T

	<u>Monthly Rate</u>
PACKAGE 3 (1)	\$15.00
<i>Residential Local Exchange Line with Tone Dialing</i>	
<i>Auto Redial</i>	
<i>Call Forwarding</i>	
<i>Call Waiting</i>	
PACKAGE 4 (1)	\$16.00
<i>Residential Local Exchange Line with Tone Dialing</i>	
<i>Auto Redial</i>	
<i>Call Return</i>	
<i>Call Waiting</i>	
<i>Selective Call Forwarding</i>	
PACKAGE 7(1)	\$23.00
<i>Residential Local Exchange Line with Tone Dialing</i>	
<i>Auto Redial</i>	
<i>Call Forwarding</i>	
<i>Call Return</i>	
<i>Call Waiting</i>	
<i>Selective Call Forwarding</i>	
<i>Caller Name and Number Delivery</i>	
<i>Anonymous Call Rejection</i>	

- (1) If Package Offerings are installed at the time of the initial residential service installation, no additional service charges apply. If Package Offerings are changed after the installation of initial service, applicable service charges as set forth in Section 2 of this Tariff shall apply.

By: John Howard
Title: Manager



LIPAN TELEPHONE COMPANY
Local Exchange Tariff

SECTION 1
4th Revised Sheet 5
Replacing 3rd Revised Sheet 5

LOCAL EXCHANGE SERVICE

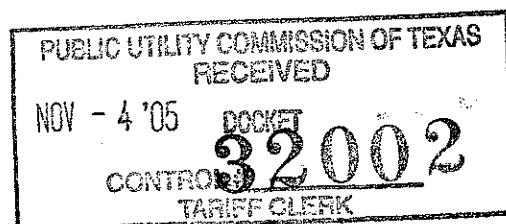
III. PACKAGES FOR LIPAN AND BLUFF DALE EXCHANGES (Continued)

The Company offers certain services together in a package, providing discounts over the cost of purchasing the services individually. Available packages and rates are specified below. Packages may not be available in certain areas due to technical constraints. (Continued)

	<u>Monthly Rate (1)</u>		
	<u>Residence</u>	<u>Business</u>	
Talk and Surf (2)	\$68.00	\$83.00	T
<ul style="list-style-type: none"> - Two Local Exchange Lines with: <ul style="list-style-type: none"> Tone Dialing on both lines Call Forwarding on both lines Call Waiting on both lines Caller ID on both lines - Unlimited Internet with DSL on one line (3) - End User Common Line Charges on both lines (4) 			

- (1) Taxes and fees are applicable.
- (2) Service Charges will not apply when an existing customer subscribes to the package.
- (3) Unlimited Internet with DSL services is provided by Lipan Telephone Company. Certain restrictions may apply. Package price does not include DSL installation charge of \$95.00 for new customers. Lipan will furnish the initial modem at no cost to the customer. Customer will be responsible for cost of any modems after the initial installation. DSL Service requires one-year term contract. Early termination fee is \$95. If a customer cancels package subscription but continues DSL service, early termination fee does not apply.
- (4) As approved in the Company's Interstate Access Service Tariff, National Exchange Carrier Association, Inc., Tariff F.C.C. No. 5.

By: John Howard
Title: Manager



LIPAN TELEPHONE COMPANY
Local Exchange Tariff

SECTION 1
3rd Revised Sheet 6
Replacing 2nd Revised Sheet 6

LOCAL EXCHANGE SERVICE

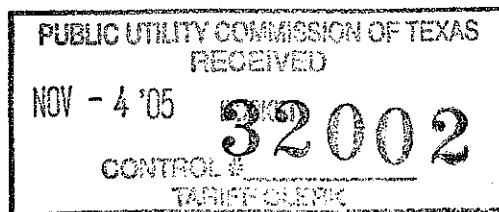
III. PACKAGES FOR LIPAN AND BLUFF DALE EXCHANGES (Continued)

The Company offers certain services together in a package, providing discounts over the cost of purchasing the services individually. Available packages and rates are specified below. Packages may not be available in certain areas due to technical constraints. (Continued)

	<u>Monthly Rate (1)</u>	
	<u>Residence</u>	<u>Business</u>
Talk USA 400 (2)	\$39.95	\$49.95
- One Local Exchange Line with Tone Dialing		
- Optional Services – Pick Any or All Services		
Anonymous Call Rejection		
Auto Redial		
Call Block		
Call Forwarding		
Call Return		
Call Waiting		
Calling Name and Number Delivery		
Priority Call		
Selective Call Acceptance		
Selective Call Forwarding		
- Toll Calling (3)		
400 anytime minutes, each additional minute is \$0.07 per minute		

- (1) Rates do not include applicable state and federal taxes and surcharges or the End User Common Line Charge, as approved in the Company's Interstate Access Service Tariff, National Exchange Carrier Association, Inc., Tariff FCC No. 5.
- (2) Service Charges will not apply when an existing customer subscribes to the package.
- (3) Toll Calling is provided by Lipan Telephone Company. Certain restrictions apply.

By: John Howard
Title: Manager



LIPAN TELEPHONE COMPANY
Local Exchange Tariff

SECTION 1
Original Sheet 6.1

LOCAL EXCHANGE SERVICE

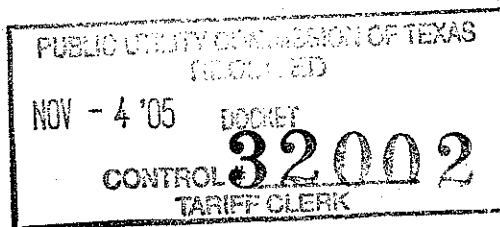
III. PACKAGES FOR LIPAN AND BLUFF DALE EXCHANGES (Continued)

The Company offers certain services together in a package, providing discounts over the cost of purchasing the services individually. Available packages and rates are specified below. Packages may not be available in certain areas due to technical constraints. (Continued)

	<u>Monthly Rate (1)</u>	
	<u>Residence</u>	<u>Business</u>
Talk USA 800 (2)	\$59.95	\$69.95
- One Local Exchange Line with Tone Dialing		
- Optional Services – Pick Any or All Services		
Anonymous Call Rejection		
Auto Redial		
Call Block		
Call Forwarding		
Call Return		
Call Waiting		
Calling Name and Number Delivery		
Priority Call		
Selective Call Acceptance		
Selective Call Forwarding		
- Toll Calling (3)		
800 anytime minutes, each additional minute is \$0.07 per minute		

- (1) Rates do not include applicable state and federal taxes and surcharges or the End User Common Line Charge, as approved in the Company's Interstate Access Service Tariff, National Exchange Carrier Association, Inc., Tariff FCC No. 5.
- (2) Service Charges will not apply when an existing customer subscribes to the package.
- (3) Toll Calling is provided by Lipan Telephone Company. Certain restrictions apply.

By: John Howard
Title: Manager



LIPAN TELEPHONE COMPANY
Local Exchange Tariff

SECTION 1
3rd Revised Sheet 7
Replacing 2nd Revised Sheet 7

LOCAL EXCHANGE SERVICE

III. PACKAGES FOR LIPAN AND BLUFF DALE EXCHANGES (Continued)

The Company offers certain services together in a package, providing discounts over the cost of purchasing the services individually. Available packages and rates are specified below. Packages may not be available in certain areas due to technical constraints. (Continued)

	<u>Monthly Rate (1)</u>	
	<u>Residence</u>	<u>Business</u>
Talk USA 400 & DSL (2)	\$79.95	\$89.95
- Two Local Exchange Lines with Tone Dialing on both lines		
- Optional Services – Pick Any or All Services (3)		
Anonymous Call Rejection		
Auto Redial		
Call Block		
Call Forwarding		
Call Return		
Call Waiting		
Calling Name and Number Delivery		
Priority Call		
Selective Call Acceptance		
Selective Call Forwarding		
- Toll Calling (4)(5)		
400 anytime minutes, each additional minute is \$0.07 per minute		
- Internet (4)(6)		
Unlimited Internet Access with DSL		



- (1) Rates do not include applicable state and federal taxes and surcharges or the End User Common Line Charge, as approved in the Company's Interstate Access Service Tariff, National Exchange Carrier Association, Inc., Tariff FCC No. 5.
- (2) Service Charges will not apply when an existing customer subscribes to the package.
- (3) Customers can choose a total of ten optional services for both lines; for example, five optional services on the first line and five optional services on the second line.
- (4) Available on one access line only.
- (5) Toll Calling is provided by Lipan Telephone Company. Certain restrictions apply.
- (6) Unlimited Internet with DSL services is provided by Lipan Telephone Company. Certain restrictions may apply. Package price does not include DSL installation charge of \$95.00 for new customers. Lipan will furnish the initial modem at no cost to the customer. Customer will be responsible for cost of any modems after the initial installation. DSL Service requires one-year term contract. Early termination fee is \$95. If a customer cancels package subscription but continues DSL service, early termination fee does not apply.

By: John Howard
Title: Manager

LIPAN TELEPHONE COMPANY
Local Exchange Tariff

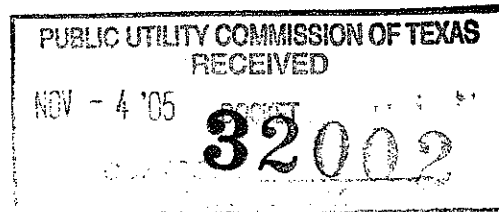
SECTION 1
Original Sheet 7.1

LOCAL EXCHANGE SERVICE

III. PACKAGES FOR LIPAN AND BLUFF DALE EXCHANGES (Continued)

The Company offers certain services together in a package, providing discounts over the cost of purchasing the services individually. Available packages and rates are specified below. Packages may not be available in certain areas due to technical constraints. (Continued)

	<u>Monthly Rate (1)</u>	
	<u>Residence</u>	<u>Business</u>
Talk USA 800 & DSL (2)	\$99.95	\$109.95
- Two Local Exchange Lines with Tone Dialing on both lines		
- Optional Services – Pick Any or All Services (3)		
Anonymous Call Rejection		
Auto Redial		
Call Block		
Call Forwarding		
Call Return		
Call Waiting		
Calling Name and Number Delivery		
Priority Call		
Selective Call Acceptance		
Selective Call Forwarding		
- Toll Calling (4)(5)		
800 anytime minutes, each additional minute is \$0.07 per minute		
- Internet (4)(6)		
Unlimited Internet Access with DSL		



- (1) Rates do not include applicable state and federal taxes and surcharges or the End User Common Line Charge, as approved in the Company's Interstate Access Service Tariff, National Exchange Carrier Association, Inc., Tariff FCC No. 5.
- (2) Service Charges will not apply when an existing customer subscribes to the package.
- (3) Customers can choose a total of ten optional services for both lines; for example, five optional services on the first line and five optional services on the second line.
- (4) Available on one access line only.
- (5) Toll Calling is provided by Lipan Telephone Company. Certain restrictions apply.
- (6) Unlimited Internet with DSL services is provided by Lipan Telephone Company. Certain restrictions may apply. Package price does not include DSL installation charge of \$95.00 for new customers. Lipan will furnish the initial modem at no cost to the customer. Customer will be responsible for cost of any modems after the initial installation. DSL Service requires one-year term contract. Early termination fee is \$95. If a customer cancels package subscription but continues DSL service, early termination fee does not apply.

By: John Howard
Title: Manager

LIPAN TELEPHONE COMPANY
Local Exchange Tariff

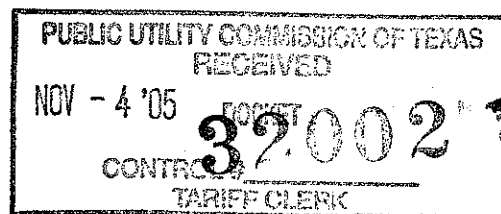
SECTION 1
Original Sheet 7.2

LOCAL EXCHANGE SERVICE

III. PACKAGES FOR LIPAN AND BLUFF DALE EXCHANGES (Continued)

The Company offers certain services together in a package, providing discounts over the cost of purchasing the services individually. Available packages and rates are specified below. Packages may not be available in certain areas due to technical constraints. (Continued)

	<u>Monthly Rate (1)</u>	
	<u>Residence</u>	<u>Business</u>
Basic (2)	\$35.95	\$45.95
Two Local Exchange Lines with		
Tone Dialing on both lines		
Call Waiting on both lines		
Calling Name and Number Delivery on both lines		



- (1) Rates do not include applicable state and federal taxes and surcharges. The End User Common Line Charge, as approved in the Company's Interstate Access Service Tariff, National Exchange Carrier Association, Inc., Tariff FCC No. 5, is included in the package price.
- (2) Service Charges will not apply when an existing customer subscribes to the package.

By: John Howard
Title: Manager

LIPAN TELEPHONE COMPANY
Local Exchange Tariff

SECTION 1
4th Revised Sheet 8
Replacing 3rd Revised Sheet 8

LOCAL EXCHANGE SERVICE

IV. LOCAL EXCHANGE SERVICE RATES AND CHARGES (1)

A. Residence Monthly Local Exchange Access Line Rates (2) (3)

<u>Exchange</u>	<u>Single Line Monthly Rate</u>
Lipan	\$14.00
Bluff Dale	\$14.00

B. Business Monthly Local Exchange Access Line Rates (2) (3)

<u>Exchange</u>	<u>Single Line Monthly Rate</u>	<u>PBX Trunk Monthly Rate</u>
Lipan	\$15.20	\$21.63
Bluff Dale	\$15.20	\$21.63

- (1) Applicable Service Charges are set forth in Section 2.
- (2) Rates for Access Line Service do not include a charge for an instrument or other customer premises equipment.
- (3) Rates include Tone dialing Service effective June 1, 2012.

PUBLIC UTILITY COMMISSION OF TEXAS
APPROVED
JUN 1 '13 4 1 3 9 4
CONTROL # _____

By: John Howard
Title: Manager

Effective: June 1, 2013



May 15, 2013

Mr. John Howard, President
Lipan Telephone Co., Inc.
P. O. Box 187
Lipan, TX 76462-0187

Dear John:

Enclosed is the 2012 Audited Operating Report for Telecommunications Borrowers you submitted to the RUS. Also enclosed is our compilation letter for the financial statements used to prepare this report.

Please let us know if you have any questions.

Sincerely,

CURTIS BLAKELY & CO., P.C.


Blake Lackey, CPA

BL/na
Enclosures

Pursuant to IRS Circular 230 and IRS regulations we inform you that any U.S. federal tax advice contained in this communication (including any attachments) is not intended or written to be used, and cannot be used by the recipient or any other taxpayer (i) for the purpose of avoiding tax related penalties imposed on the recipient or any other taxpayer under the Internal Revenue Code, or (ii) in promoting, marketing or recommending to another party any partnership or other entity, investment plan, arrangement or other transaction addressed herein.

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May 15, 2013

To the Board of Directors
Lipan Telephone Co., Inc.
Lipan, Texas

Gentlemen:

We have compiled the accompanying balance sheet of Lipan Telephone Co., Inc. as of December 31, 2012, and the related statements of income, cash flows and retained earnings for the year then ended, included in the accompanying prescribed form, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

Our compilation was limited to presenting in the form prescribed by the Rural Utilities Service (RUS) information that is the representation of management. We have not audited or reviewed the financial statements referred to above and, accordingly, do not express an opinion or any other form of assurance on them.

These financial statements are presented in accordance with the requirements of the RUS, which differ from generally accepted accounting principles. Accordingly, these financial statements are not designed for those who are not informed about such differences.

Curtis Blakely & Co., P.C.

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0031. The time required to complete this information collection is estimated to average 4 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

USDA-RUS

This data will be used by RUS to review your financial situation. Your response is required by 7 U.S.C. 901 et seq. and, subject to federal laws and regulations regarding confidential information, will be treated as confidential.

**OPERATING REPORT FOR
TELECOMMUNICATIONS BORROWERS**

BORROWER NAME

Lipan Telephone Co., Inc.

(Prepared with Audited Data)

INSTRUCTIONS-Submit report to RUS within 30 days after close of the period.
- detailed instructions, see RUS Bulletin 1744-2. Report in whole dollars only.

PERIOD ENDING

December, 2012

BORROWER DESIGNATION

TX0638

CERTIFICATION

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY 7 CFR PART 1788, CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1788 OF 7CFR CHAPTER XVII

(Check one of the following)

☒ All of the obligations under the RUS loan documents have been fulfilled in all material respects.

☐ There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in the Telecom Operating Report

Aleta Howard

5/9/2013

DATE

PART A. BALANCE SHEET

ASSETS	BALANCE PRIOR YEAR	BALANCE END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	BALANCE PRIOR YEAR	BALANCE END OF PERIOD
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and Equivalents			25. Accounts Payable		
Cash-RUS Construction Fund			26. Notes Payable		
Affiliates:			27. Advance Billings and Payments		
a. Telecom, Accounts Receivable			28. Customer Deposits		
b. Other Accounts Receivable			29. Current Mat. L/T Debt		
c. Notes Receivable			30. Current Mat. L/T Debt-Rur. Dev.		
Non-Affiliates:			31. Current Mat.-Capital Leases		
a. Telecom, Accounts Receivable			32. Income Taxes Accrued		
b. Other Accounts Receivable			33. Other Taxes Accrued		
c. Notes Receivable			34. Other Current Liabilities		
Interest and Dividends Receivable			35. Total Current Liabilities (25 thru 34)		
Material-Regulated			LONG-TERM DEBT		
Material-Nonregulated			36. Funded Debt-RUS Notes		
Prepayments			37. Funded Debt-RTB Notes		
Other Current Assets			38. Funded Debt-FFB Notes		
Total Current Assets (1 Thru 9)			39. Funded Debt-Other		
NONCURRENT ASSETS			40. Funded Debt-Rural Develop. Loan		
Investment in Affiliated Companies			41. Premium (Discount) on L/T Debt		
a. Rural Development			42. Reacquired Debt		
b. Nonrural Development			43. Obligations Under Capital Lease		
Other Investments			44. Adv. From Affiliated Companies		
a. Rural Development			45. Other Long-Term Debt		
b. Nonrural Development			46. Total Long-Term Debt (36 thru 45)		
Nonregulated Investments			OTHER LIAB. & DEF. CREDITS		
Other Noncurrent Assets			47. Other Long-Term Liabilities		
Deferred Charges			48. Other Deferred Credits		
Jurisdictional Differences			49. Other Jurisdictional Differences		
Total Noncurrent Assets (11 thru 16)			50. Total Other Liabilities and Deferred Credits (47 thru 49)		
PLANT, PROPERTY, AND EQUIPMENT			EQUITY		
Telecom, Plant-in-Service			51. Cap. Stock Outstand. & Subscribed		
Property Held for Future Use			52. Additional Paid-in-Capital		
Plant Under Construction			53. Treasury Stock		
Plant Adj., Nonop. Plant & Goodwill			54. Membership and Cap. Certificates		
Less Accumulated Depreciation			55. Other Capital		
Net Plant (18 thru 21 less 22)			56. Patronage Capital Credits		
TOTAL ASSETS (10+17+23)			57. Retained Earnings or Margins		
			58. Total Equity (51 thru 57)		
			59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)		

Total Equity = % of Total Assets

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS		BORROWER DESIGNATION TX0638	
INSTRUCTIONS- See RUS Bulletin 1744-2		PERIOD ENDING December, 2012	
PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS			
ITEM	PRIOR YEAR	THIS YEAR	
1. Local Network Services Revenues			
2. Network Access Services Revenues			
3. Long Distance Network Services Revenues			
4. Carrier Billing and Collection Revenues			
5. Miscellaneous Revenues			
6. Uncollectible Revenues			
7. Net Operating Revenues (1 thru 5 less 6)			
8. Plant Specific Operations Expense			
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)			
10. Depreciation Expense			
11. Amortization Expense			
12. Customer Operations Expense			
13. Corporate Operations Expense			
14. Total Operating Expenses (8 thru 13)			
15. Operating Income or Margins (7 less 14)			
16. Other Operating Income and Expenses			
17. State and Local Taxes			
18. Federal Income Taxes			
19. Other Taxes			
20. Total Operating Taxes (17+18+19)			
21. Net Operating Income or Margins (15+16-20)			
22. Interest on Funded Debt			
23. Interest Expense - Capital Leases			
24. Other Interest Expense			
25. Allowance for Funds Used During Construction			
26. Total Fixed Charges (22+23+24-25)			
27. Nonoperating Net Income			
28. Extraordinary Items			
29. Jurisdictional Differences			
30. Nonregulated Net Income			
31. Total Net Income or Margins (21+27+28+29+30-26)			
32. Total Taxes Based on Income			
33. Retained Earnings or Margins Beginning-of-Year			
34. Miscellaneous Credits Year-to-Date			
35. Dividends Declared (Common)			
36. Dividends Declared (Preferred)			
37. Other Debits Year-to-Date			
38. Transfers to Patronage Capital			
39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]			
40. Patronage Capital Beginning-of-Year			
41. Transfers to Patronage Capital			
42. Patronage Capital Credits Retired			
43. Patronage Capital End-of-Year (40+41-42)			
44. Annual Debt Service Payments			
45. Cash Ratio [(14+20-10-11) / 7]			
46. Operating Accrual Ratio [(14+20+26) / 7]			
47. TIER [(31+26) / 26]			
48. DSCR [(31+26+10+11) / 44]			

<p align="center">USDA-RUS</p> <p align="center">OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</p> <p align="center"><i>INSTRUCTIONS - See RUS Bulletin 1744-2</i></p>						<p>BORROWER DESIGNATION TX0638</p> <p>PERIOD ENDED December, 2012</p>	
<p align="center">Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION</p>							
	1. RATES		2. SUBSCRIBERS (ACCESS LINES)			3. ROUTE MILES	
EXCHANGE	B-1 (a)	R-1 (b)	BUSINESS (a)	RESIDENTIAL (b)	TOTAL (c)	TOTAL (including fiber) (a)	FIBER (b)
Lipan	15.20	10.80					
Bluff Dale	15.20	11.00					
MobileWireless							
Route Mileage Outside Exchange Area							
Total							
No. Exchanges	2						

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<p align="center">Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION</p>								
<p align="center">4. BROADBAND SERVICE</p>								
<p align="center">Details on Least Expensive Broadband Service</p>								
EXCHANGE	No. Access Lines with BB available (a)	No Of Broadband Subscribers (b)	Number Of Subscribers (c)	Advertised Download Rate (Kbps) (d)	Advertised Upload Rate (Kbps) (e)	Price Per Month (f)	Standalone/Pckg (f)	Type Of Technology (g)
Lipan				768	384	40.95	StandAlone	DSL
Bluff Dale				768	384	40.95	StandAlone	DSL
Total								

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS			BORROWER DESIGNATION TX0638 PERIOD ENDING December, 2012								
INSTRUCTIONS- See RUS Bulletin 1744-2											
PART D. SYSTEM DATA											
1. No. Plant Employees	5	2. No. Other Employees	5	3. Square Miles Served	262						
			4. Access Lines per Square Mile	5.14	5. Subscribers per Route Mile						
PART E. TOLL DATA											
1. Study Area ID Code(s) a. 442105 b. _____ c. _____ d. _____ e. _____ f. _____ g. _____ h. _____ i. _____ j. _____		2. Types of Toll Settlements (Check one) <table style="width: 100%;"> <tr> <td style="width: 40%;">Interstate:</td> <td style="width: 20%;"><input type="checkbox"/> Average Schedule</td> <td style="width: 40%;"><input checked="" type="checkbox"/> Cost Basis</td> </tr> <tr> <td>Intrastate:</td> <td><input type="checkbox"/> Average Schedule</td> <td><input checked="" type="checkbox"/> Cost Basis</td> </tr> </table>				Interstate:	<input type="checkbox"/> Average Schedule	<input checked="" type="checkbox"/> Cost Basis	Intrastate:	<input type="checkbox"/> Average Schedule	<input checked="" type="checkbox"/> Cost Basis
Interstate:	<input type="checkbox"/> Average Schedule	<input checked="" type="checkbox"/> Cost Basis									
Intrastate:	<input type="checkbox"/> Average Schedule	<input checked="" type="checkbox"/> Cost Basis									
PART F. FUNDS INVESTED IN PLANT DURING YEAR											
1. RUS, RTB, & FFB Loan Funds Expended											
2. Other Long-Term Loan Funds Expended											
3. Funds Expended Under RUS Interim Approval											
4. Other Short-Term Loan Funds Expended											
5. General Funds Expended (Other than Interim)											
6. Salvaged Materials											
7. Contribution in Aid to Construction											
8. Gross Additions to Telecom. Plant (1 thru 7)											
PART G. INVESTMENTS IN AFFILIATED COMPANIES											
INVESTMENTS (a)	CURRENT YEAR DATA		CUMULATIVE DATA								
	Investment This Year	Income/Loss This Year	Cumulative Investment To Date	Cumulative Income/Loss To Date	Current Balance						
	(b)	(c)	(d)	(e)	(f)						
1. Investment in Affiliated Companies - Rural Development											
2. Investment in Affiliated Companies - Nonrural Development											

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	BORROWER DESIGNATION TX0638 PERIOD ENDING December, 2012
PART H. CURRENT DEPRECIATION RATES	
Are corporation's depreciation rates approved by the regulatory authority with jurisdiction over the provision of telephone services? (Check one) <input checked="checked" type="checkbox"/> YES <input type="checkbox"/> NO 	
EQUIPMENT CATEGORY	DEPRECIATION RATE
1. Land and support assets - Motor Vehicles	
2. Land and support assets - Aircraft	
3. Land and support assets - Special purpose vehicles	
4. Land and support assets - Garage and other work equipment	
5. Land and support assets - Buildings	
6. Land and support assets - Furniture and Office equipment	
7. Land and support assets - General purpose computers	
8. Central Office Switching - Digital	
9. Central Office Switching - Analog & Electro-mechanical	
10. Central Office Switching - Operator Systems	
11. Central Office Transmission - Radio Systems	
12. Central Office Transmission - Circuit equipment	
13. Information origination/termination - Station apparatus	
14. Information origination/termination - Customer premises wiring	
15. Information origination/termination - Large private branch exchanges	
16. Information origination/termination - Public telephone terminal equipment	
17. Information origination/termination - Other terminal equipment	
18. Cable and wire facilities - Poles	
19. Cable and wire facilities - Aerial cable - Metal	
20. Cable and wire facilities - Aerial cable - Fiber	
21. Cable and wire facilities - Underground cable - Metal	
22. Cable and wire facilities - Underground cable - Fiber	
23. Cable and wire facilities - Buried cable - Metal	
24. Cable and wire facilities - Buried cable - Fiber	
25. Cable and wire facilities - Conduit systems	
26. Cable and wire facilities - Other	

<p>USDA-RUS</p> <p>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</p>	<p>BORROWER DESIGNATION TX0638</p>
<p>INSTRUCTIONS – See help in the online application.</p>	<p>PERIOD ENDED December, 2012</p>

PART I – STATEMENT OF CASH FLOWS

1. Beginning Cash (Cash and Equivalents plus RUS Construction Fund)	
CASH FLOWS FROM OPERATING ACTIVITIES	
2. Net Income	
<i>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</i>	
3. Add: Depreciation	
4. Add: Amortization	
5. Other (Explain)	
<i>Changes in Operating Assets and Liabilities</i>	
6. Decrease/(Increase) in Accounts Receivable	
7. Decrease/(Increase) in Materials and Inventory	
8. Decrease/(Increase) in Prepayments and Deferred Charges	
9. Decrease/(Increase) in Other Current Assets	
10. Increase/(Decrease) in Accounts Payable	
11. Increase/(Decrease) in Advance Billings & Payments	
12. Increase/(Decrease) in Other Current Liabilities	
13. Net Cash Provided/(Used) by Operations	
CASH FLOWS FROM FINANCING ACTIVITIES	
14. Decrease/(Increase) in Notes Receivable	
15. Increase/(Decrease) in Notes Payable	
16. Increase/(Decrease) in Customer Deposits	
17. Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)	
18. Increase/(Decrease) in Other Liabilities & Deferred Credits	
19. Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital	
20. Less: Payment of Dividends	
21. Less: Patronage Capital Credits Retired	
22. Other (Explain)	
23. Net Cash Provided/(Used) by Financing Activities	
CASH FLOWS FROM INVESTING ACTIVITIES	
24. Net Capital Expenditures (Property, Plant & Equipment)	
25. Other Long-Term Investments	
26. Other Noncurrent Assets & Jurisdictional Differences	
27. Other (Explain)	
Reconciling Adjustments including Plant Retirements	
28. Net Cash Provided/(Used) by Investing Activities	
29. Net Increase/(Decrease) in Cash	
30. Ending Cash	

Revision Date 2010

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<p>NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</p>	

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<p>CERTIFICATION LOAN DEFAULT NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</p>	